

## Message Text

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67

ORIGIN EB-11

INFO OCT-01 ADP-00 EUR-25 INR-10 SS-15 RSC-01 /063 R

DRAFTED BY EB/ ISM: WPOLIK: LMP

EXT 21705 6/15/73

APPROVED BY EB/ ICD: JBKYLE

EB/ ISM: DFMEYERS

EUR/ WE: GHSHEINBAUM

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R 152106 Z JUN 73

FM SECSTATE WASHDC

TO AMEMBASSY THE HAGUE

LIMITED OFFICIAL USE STATE 117212

STADIS

E. O. 11652 N/ A

TAGS: EIND, ETRD, US, NL

SUBJECT: STEEL VRA -- WIRE ROD IMPORTS

1. KURT ORBAN CO., INC., WAYNE, NEW JERSEY, HAS CONTACTED DEPARTMENT RE OFFER OF NV NEDERLANDSCHE KABELFABRIK (NKF), ALBLASSERDAM, TO FURNISH ORBAN 3,000 TONS CARBON STEEL WIRE ROD, PROVIDING NKF ABLE OBTAIN ADDITIONAL "QUOTA" FOR THIS EXPORT TO US. ORBAN EXPLAINED THAT NKF'S "NORMAL" QUOTA FOR STEEL EXPORTS TO US WAS 15,000 TONS, AND INDICATED NKF DESIRED SOME SORT USG ASSISTANCE IN OBTAINING ADDITIONAL QUOTA TO ENABLE THIS ONE- TIME WIRE ROD EXPORT.

2. DEPARTMENT EXPLAINED TO ORBAN THAT COUNTRY AND COMPANY ALLOCATIONS OF OVERALL EC STEEL VRA CEILINGS WAS MATTER FOR EC STEEL "CLUB" AND INDIVIDUAL COUNTRY STEEL PRODUCER ASSOCIATIONS TO DECIDE, BUT OFFERED REQUEST EMBASSY THE HAGUE TO CONTACT NKF FOR ADDITIONAL INFORMATION.

3. DEPARTMENT WOULD ALSO APPRECIATE EMBASSY'S VIEWS ON  
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LIKLIHOOD OF NKF RECEIVING ADDITIONAL QUOTA FOR THIS WIRE ROD EXPORT FROM DUTCH STEEL PRODUCERS ASSOCIATION ( WHICH WE ASSUME TO BE, IN EFFECT, HOOGOVENS, AS MAIN PRODUCER. ACCORDING TO ORBAN, HOOGOVENS DOES NOT EXPORT WIRE ROD TO US.) US IMPORTS WIRE ROD FROM NETHERLANDS TOTALED 2,540 NET TONS DURING JAN- APRIL 1973, VS. 2,394 TONS IN SAME PERIOD 1972.

4. WIRE ROD CURRENTLY IN SHORT SUPPLY IN US, WITH INDEPENDENT WIRE ROD USERS CLAIMING THEY UNABLE TO GET NEEDED SUPPLIES WIRE ROD EITHER FROM US STEEL INDUSTRY OR FROM FOREIGN SUPPLIERS. IN LATTER CASE, US USERS CLAIM THAT STEEL VRA LIMITED THEIR ABILITY OBTAIN FOREIGN SUPPLIES WIRE ROD, AND DEPARTMENT HAS RECEIVED NUMBER OF CONGRESSIONAL INQUIRIES RE THIS POINT. FIGURES, HOWEVER, INDICATE THAT VRA HAS HAD STABILIZING INFLUENCE ON WIRE ROD SUPPLIES. USG IMPORT DATA FOR FIRST FOUR MONTHS 1973 SHOW TOTAL IMPORTS 468,000 NET TONS WIRE ROD, UP 21.7 PERCENT OVER 385,000 TONS DURING COMPARABLE PERIOD 1972. JAN- APRIL WIRE ROD IMPORTS FROM VRA PARTICIPANTS ( EC AND JAPAN) TOTALED 402,000 TONS, UP 27.3 PERCENT OVER 316,000 TONS IN 1972. IMPORTS FROM NON- VRA COUNTRIES, ON OTHER HAND, DECLINED 4 PERCENT, FROM 69,000 TONS IN JAN- APRIL 1972 TO 66,000 TONS IN 1973. DEPARTMENT BELIEVES PRODUCT MIX PROVISIONS OF VRA PROVIDE " FLOOR" FOR EXPORTS OF RELATIVELY LOWER PRICED AND LOWER PROFIT STEEL MILL PRODUCTS SUCH AS WIRE ROD, AND THAT ABSENCE OF VRA UNDERTAKINGS WOULD RESULT IN PRODUCT MIX SHIFT AWAY FROM THESE LOWER PRICED PRODUCTS.

5. EMBASSY REQUESTED CONTACT NKF AS PER PARA 2 ABOVE. REPLY SHOULD BE SLUGGED " STADIS". PORTER

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\*\*\* Current Handling Restrictions \*\*\* STADIS

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

**Automatic Decaptioning:** Z  
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**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
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**Draft Date:** 15 JUN 1973  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Executive Order:** n/a  
**Errors:** n/a  
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**Office:** ORIGIN EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** STADIS  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
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**Previous Handling Restrictions:** STADIS  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** garlanwa  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 19 SEP 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <19-Sep-2001 by smithrj>; APPROVED <20-Nov-2001 by garlanwa>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** <DBA CORRECTED> srp 980213  
**Subject:** STEEL VRA -- WIRE ROD IMPORTS  
**TAGS:** EIND, ETRD, NL, US  
**To:** THE HAGUE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005